

Department of Justice  
U.S. Attorney's Office  
District of Columbia

FOR IMMEDIATE RELEASE

Wednesday, July 29, 2020

**United States Files Complaint to Forfeit More Than \$6.5 Million in Cryptocurrency Stolen in Banana Fund Ponzi Scheme**

WASHINGTON - The United States has filed a complaint to forfeit approximately 482 bitcoins and 1,721,868 tether (collectively worth approximately \$6.5 million), announced the Acting U.S. Attorney for the District of Columbia Michael R. Sherwin and Special Agent in Charge of the United States Secret Service San Francisco Field Office Thomas Edwards.

The complaint alleges that the administrator of the "Banana Fund" marketed the company to potential investors as a platform for startups to post business proposals and receive crowdfunding in virtual currency. Based on the administrator's representations, his victims sent him investment contributions; however, the Banana Fund never became operational. Instead, the administrator invested the victims' capital for his own gain. After admitting that the Banana Fund was unsuccessful, he told his victims that he would return their contributions. When he failed to do so, the U.S. authorities seized the remaining victim funds, which amounted to more than \$6.5 million in bitcoins and tether.

"The complaint in this case demonstrates our commitment to protecting people here and abroad from ever-evolving Ponzi schemes," said Acting U.S. Attorney Sherwin. "Today's complaint ensures that funds will be returned to victims of the scheme. This office has prioritized investigating and prosecuting the illicit use of virtual currency to launder criminal enterprises such as the Banana Fund."

"Today's cybercriminals rely on sophisticated techniques in order to prey on victims, often masquerading as legitimate businesses," said Thomas Edwards, Special Agent in Charge of the United States Secret Service's San Francisco Field Office. "The complaint demonstrates that the Secret Service will continue to hold foreign and domestic criminals accountable, to include crooked cryptocurrency schemes that attempt to defraud American citizens. The swift actions taken by the Secret Service, the U.S. Attorney's Office and the Department of Justice's Computer Crime and Intellectual Property Section prevented the subject from liquidating the remaining illegally obtained funds for personal gains - and will permit us to return the reserves to the victims. This investigation is a testament to the strong partnership between the Secret Service, U.S. Attorney's Office and the Department of Justice's Computer Crime and Intellectual Property Section."

The civil forfeiture complaint was filed on July 29, 2020, in the U.S. District Court for the District of Columbia. According to the complaint, between December 2016 and March 2018, the administrator for the Banana Fund solicited investments by representing his company as a platform for entrepreneurs to bring their business concepts and crowdsource ideas. Each entrepreneur's project would be funded by the crowd during an initial token offering, with a percentage of the capital raised going to the Banana Fund. The administrator amassed over 500

bitcoins. Although the administrator claimed to be working toward opening the Banana Fund for business, he laundered the funds and made tens of thousands of virtual currency trades as part of a self-enrichment scheme.

According to the complaint, in January 2018, the administrator informed his investors that the Banana Fund had failed and promised to refund their contributions. He also claimed that he was in the process of transferring all funds to stablecoins, such as tether. Shortly thereafter, he withdrew approximately 100 bitcoins from his victims' investments so that he could purchase a house for his personal use. He never returned any of the funds to his investors. After victim investors complained that the Banana Fund had turned out to be a fraud, USSS began an investigation.

While soliciting investments, the administrator announced publicly that investor funds had reached 557 bitcoins and approximately 1.73 million tether. After tracing the victims' investment funds to a particular virtual currency account, USSS investigators were able to locate 482 bitcoins and 1,721,868 tether. As a result, USSS executed a seizure warrant on those funds and commenced this action to begin returning these funds to the administrator's victims.

USSS has set up a dedicated email account for Banana Fund victims to contact law enforcement at [SFO-BananaFund@uss.s.dhs.gov](mailto:SFO-BananaFund@uss.s.dhs.gov). Further information about filing a claim may be found at [www.forfeiture.gov](http://www.forfeiture.gov).

The claims made in the complaint are only allegations and do not constitute a determination of liability.

The Secret Service San Francisco Field Office is investigating the case. Assistant U.S. Attorneys Zia M. Faruqui and Jessi Brooks, and Trial Attorneys Jessica Peck and C. Alden Pelker of the Criminal Division's Computer Crime and Intellectual Property Section are litigating the case, with assistance from Paralegal Specialist Elizabeth Swienc. The U.S. Attorney's Office for the Northern District of California in San Francisco provided significant assistance.